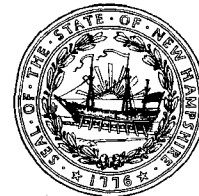




The State of New Hampshire
Department of Environmental Services



Michael P. Nolin
Commissioner

April 12, 2006

Mr. John Alday
Director, Global Engineering
Ingersoll-Rand Energy Systems
30 New Hampshire Avenue
Portsmouth, New Hampshire 03801-2811

**CERTIFIED MAIL (7005 1160 0004 7467 6567)
RETURN-RECEIPT REQUESTED**

**NOTICE OF PAST VIOLATION
(Sta.S)**

Dear Mr. Alday:

On April 7, 2005, the New Hampshire Department of Environmental Services, Air Resources Division ("DES") conducted a compliance inspection at Ingersoll-Rand Energy Systems ("IRES") at 30 New Hampshire Avenue, Portsmouth, New Hampshire. The purpose of the inspection was to determine IRES's compliance status with the N.H. Administrative Rules Env-A 100 *et seq.*, NH Rules Governing the Control of Air Pollution. The purpose of this letter is to notify you of the violations discovered during the inspection. The specific violations are as follows:

1. Env-A 603.01, *Permit Required*, requires a person to obtain a temporary permit prior to the construction or installation of a new or modified stationary source, area source, or device specified in Env-A 607.01, *Specific Applicability for Temporary Permits*. Pursuant to Env-A 607.01, the owner or operator of one or more internal combustion engines that combust natural gas, for which the combined total design gross heat input of all such engines is greater than or equal to 10,000,000 British thermal units ("BTUs") per hour, is required to obtain a permit. IRES installed natural gas-fueled microturbines in every year from 2001 through 2005. As a result of the DES inspection and information submitted by IRES on August 4, 2005, January 17, 2006, and February 3, 2006, DES determined that IRES is not exempt from permit requirements as a research and development facility, and that the microturbines exceeded the 10 million BTU threshold in calendar year 2003. DES received a permit application from IRES on August 4, 2005.
2. Env-A 907.01, *General Reporting Requirements*, requires the owner or operator of any stationary source, area source or device subject to Env-A 600 to submit an annual emissions report. The annual emissions report is required to be submitted to DES on or before April 15 of the following year. At the time of the inspection, IRES had not submitted any emission reports for calendar years 2003 and 2004. DES received the emissions reports on February 3, 2006.
3. Env-A 705.01, *Emission-Based Fee*, requires the owner or operator of any stationary source, area source or device which is required to have a Temporary Permit, State Permit to Operate, or Title V Operating Permit to annually pay emission-based fees for all devices required to be permitted. At the time of the inspection, IRES had not paid emission fees for calendar years 2003 and 2004. In accordance with Env-A 705.04, *Payment of Emission-Based Fee*, fees for calendar year 2003 were due by October 15, 2004, and fees for calendar year 2004 were due by July 15, 2005. DES received the emissions fees for calendar years 2003 and 2004 on February 3, 2006.

4. Env-A 607.06, *Application Deficiencies*, provides that if DES requests additional information in order to evaluate or take final action on a permit application, the information shall be submitted in writing within 30 days of receipt of such a request. By letter dated November 30, 2005, DES requested additional information so that its review of the application could continue. A deadline of December 30, 2005 was given. IRES requested and were granted an extension to January 31, 2006. Some of the requested information was received on January 17, 2006, but the remainder was not received until February 3, 2006.

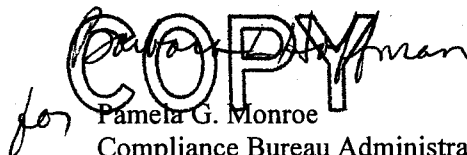
5. Env-A 605.04, *Certification of the Responsible Official*, requires the owner or operator of a permitted source to submit to DES an ARD-1 form containing the information specified in Env-A 1703.01(b)(1) through (b)(7) and the signed certification statement specified in Env-A 1703.01(c) within 30 days of any change in the identity of the responsible official, the applicant, or the owner or operator. In 2000, Ingersoll-Rand Company purchased the microturbine division of Northern Research & Engineering Corporation and assumed its operation at 30 New Hampshire Avenue in Portsmouth. Northern Research & Engineering Corporation had applied for and received a temporary permit ("FP-T-0002"), which was issued on July 14, 1997, to install six diesel-fueled air compressors. The company then applied for and received State Permit to Operate FP-S-0070, which was issued on January 5, 1999. IRES did not notify DES of the change in ownership of the permitted devices pursuant to Env-A 605.04(b). In 2003, DES notified Northern Research & Engineering Corporation that its permit, FP-S-0070, was about to expire. IRES responded by letter dated October 10, 2003, noting that the facility had changed ownership and that the diesel-fueled air compressors were no longer installed and had never been operated by IRES.

DES recognizes the efforts that IRES has taken to come into compliance. Accordingly, no further action in response to the listed violations is required.

DES requests that IRES comply with the NH Code of Admin. Rules and all obligations contained in any permit issued to IRES in the future. Also, please be advised that the emissions report and payment for calendar year 2005 emissions are due by April 15, 2006. In the event that other violations are identified or if IRES fails to comply with all applicable requirements in the future, DES may take action against IRES, including issuing an administrative order, seeking administrative fines, and/or referring the matter to the NH Department of Justice.

If you believe that DES has cited these violations in error, or have questions regarding these matters, please contact Barbara Hoffman at (603) 271-7874, Air Resources Division, Compliance Bureau. A current copy of the Air Resources Division rules can be obtained from the DES website at <http://www.des.nh.gov/rules/air.htm> or by contacting the DES Public Information Center at (603) 271-2975.

Sincerely,


for Pamela G. Monroe
Compliance Bureau Administrator
Air Resources Division

PGM/blh

cc: R. Kurowski, EPA Region 1
G. Hamel, DES Legal Unit Administrator
John Bohenko, Portsmouth City Manager
AFS # 3301500024